

**FISCAL NOTE**  
**HB 1223 - SB3149**

February 29, 2004

**SUMMARY OF BILL:**

- Establishes requirements for licensed healthcare facilities to be staffed in a manner that provides a sufficient number of qualified nurses in each department or unit of the facility.
- Mandates staff to patient ratios for specific hospital care units.
- Requires facilities annually to submit a staffing plan to the Board for Licensing Healthcare Facilities. The staffing plan must provide that registered nurses constitute at least 50% of the direct-care nurses and also set standards for work hours for nurses.
- Provides a cause of action for a nurse against a facility that retaliates against the nurse because the nurse reports a violation of this bill, cooperates with an investigation about a violation, or otherwise utilizes the rights created in the bill.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$931,000**

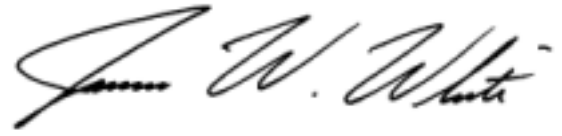
**Other Fiscal Impact - Increase Federal Expenditures - Exceeds \$1,656,000**

Estimate assumes:

- A need for one position and related expenses in the Department of Health to monitor and enforce the requirements of the bill.
- Requiring mandated nurse staffing ratios will increase the existing workforce in hospitals. Approximately 42,000 nurses work in Tennessee hospitals. A conservative estimate of a 1% increase in staff would equal 420 additional staff. At \$44,000 in annual salary and benefits, the increase would equal approximately \$18,524,000.
- If TennCare spending in Tennessee hospitals equals 14% of total hospital patient revenue, TennCare's share of the one-percent increase is approximately \$2,587,000.
- Although these costs would not be directly charged to TennCare, any increase in health care spending will eventually be passed through in increased capitation rates to TennCare.
- Any potential savings that may occur from more positive patient outcomes or fewer medical errors because of increased staff ratios cannot be estimated.
- Some increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenues from fees, taxes, and costs collected. However, such increases will be not significant.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director